

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature			Date	

CHARTER TOWNSHIP OF YORK

REPORT ON AUDIT OF
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED MARCH 31, 2005

CHARTER TOWNSHIP OF YORK

TOWNSHIP OFFICIALS

Supervisor - Joe Zurawski
Clerk - Helen Neill
Treasurer - Sally B. Donahue

BOARD OF TRUSTEES

John Bulmer
Jane Kartje
Mike Kipley
David Potter

LEGAL COUNSEL

Reading, Etter & Lillich

TOWNSHIP AUDITORS

Pfeffer, Hanniford & Palka
Certified Public Accountants

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July 30, 2005

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, MI 48160

INDEPENDENT AUDITORS' REPORT

Honorable Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of York, as of and for the year ended March 31, 2005, which collectively comprise the Charter Township of York's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of York's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Charter Township of York, as of March 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2005, on our consideration of internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note 1, the Township has implemented a new financial reporting model as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of March 31, 2005.

The Management's Discussion and Analysis and other required supplementary information on pages 8 through 13 and 39 and 40 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

INDEPENDENT AUDITORS' REPORT

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Charter Township of York's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information, such as the combining and individual fund statements, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

MANAGEMENT DISCUSSION
AND
ANALYSIS

Management Discussion and Analysis March 31, 2005

Within this section of the Charter Township of York's annual financial report, the Township's management is providing a narrative discussion and analysis of the financial activities of the Township for the fiscal year ended March 31, 2005. This narrative discusses and analyzes the activity within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Township's primary government and, unless otherwise noted, component units reported separately from the primary government are not included.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the Township's basic financial statements. The basic financial statements include government-wide financial statements, fund financial statements, and notes to the financial statements. The Township also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Township's annual reports include two government-wide financial statements. These statements provide both long-term and short-term information about the Township's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the Statement of Net Assets. This is the Township-wide statement of position presenting information that includes all the Township's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township as a whole is improving or deteriorating. Evaluation of the overall health of the Township may extend to various non-financial factors as well.

The second government-wide statement is the Statement of Activities which reports how the Township's net assets changed during the current fiscal year. The design of this statement is to show the financial reliance of the Township's distinct activities or functions on the revenues generated by the Township.

Both government-wide financial statements distinguish governmental activities of the Township that are principally supported by taxes and revenue sharing from the business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include such activities as general government, public safety, and planning and zoning departments. Business-type activities include water & sewer system operations. Fiduciary activities such as tax collection are not included in the government-wide statements since these assets are not available to fund Township programs.

The Township's financial reporting includes all the funds of the Township (primary government) and, additionally, organizations for which the Township is accountable (component units).

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Township uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Township's most significant funds rather than the Township as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the combining statements later in this report.

The Township has three kinds of funds:

Governmental funds are reported in the financial statements and encompass essentially the same functions as governmental activities in the government-wide financial statements except with a different focus on the financial activity. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of these resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term. Since the focus of the government-wide financial statements includes a long-term view, a reconciliation of these fund balances has been completed to detail its relation to net assets.

Proprietary funds are reported in the fund financial statements and are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary funds are reported in the fiduciary fund financial statements, but are excluded from the government-wide statements. Fiduciary fund financial statements report resources that are not available to fund Township activities.

Notes to the financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of both the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Other supplementary information includes detail by fund for receivables, payables, transfers, and payments within the reporting entity.

Major funds are reported in the basic financial statements as discussed. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report.

Financial Analysis of the Township as a Whole

The Township has implemented the new financial reporting model used in this report beginning with the current fiscal year ended March 31, 2005. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the Township as a whole.

The Township's net assets at the end of the fiscal year were \$1,638,590. This is a \$98,124 decrease over last year's net assets of \$1,736,714.

The following tables provide a summary of the Township's financial activities and changes in net assets:

Summary of Net Assets

	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 521,552	\$ 197,868	\$ 719,420
Capital assets	550,806	624,586	1,175,392
Total assets	<u>1,072,358</u>	<u>822,454</u>	<u>1,894,812</u>
Other liabilities	68,218	8,004	76,222
Long-term liabilities		180,000	180,000
Total liabilities	<u>68,218</u>	<u>188,004</u>	<u>256,222</u>
Net assets:			
Invested in capital assets, net of related debt	550,806	444,586	995,392
Unrestricted	453,334	189,864	643,198
Total net assets	<u>\$ 1,004,140</u>	<u>\$ 634,450</u>	<u>\$ 1,638,590</u>

Summary of Changes in Net Assets

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Revenues:			
Program revenues			
Charges for services	\$ 361,783	\$ 14,773	\$ 376,556
Operating contributions	24,252		24,252
General revenues			
State shared revenues	430,638		430,638
Property taxes	279,220		279,220
Interest	5,865	9,731	15,596
Other	70,553	165	70,718
Total revenues	<u>1,172,311</u>	<u>24,669</u>	<u>1,196,980</u>
Expenses			
General government	696,621		696,621
Fire protection	240,174		240,174
Police protection	255,672		255,672
Recreation	2,520		2,520
Library	1,000		1,000
Public works	68,267		68,267
Sewer system		30,850	30,850
Total expenses	<u>1,264,254</u>	<u>30,850</u>	<u>1,295,104</u>
Changes in net assets	(91,943)	(6,181)	(98,124)
Beginning net assets	<u>1,096,083</u>	<u>640,631</u>	<u>1,736,714</u>
Ending net assets	<u><u>\$ 1,004,140</u></u>	<u><u>\$ 634,450</u></u>	<u><u>\$ 1,638,590</u></u>

This year the Township saw a significant decrease in cash and cash equivalents in the governmental funds due to the large amounts of funds spent for police and fire protection services without a distinct income source to provide these services. Governmental funds have decreased its net assets by \$91,943 largely due to these protection services paid by the Township's General Fund.

The business-type funds reported a decrease in net assets of \$6,181. This is primarily due to the \$14,488 of depreciation incurred during the year while connection fees were virtually non-existent.

Financial Analysis of the Township's Major Funds

The Township's General Fund had expenditures over revenues totaling \$54,871 before operating transfers of \$70,000 were made from the Budget Stabilization Fund. This disparity is caused primarily due to the significant expenditures for fire and police protection supported solely from general revenues and the Township operating millage.

The Building Department Fund had revenues over expenditures totaling \$326. This fund still remains a deficit at March 31, 2005 totaling \$5,591. A deficit elimination will be sent to the State of Michigan detailing how the Township plans to remedy this deficit.

The Township's only major business-type fund the Sewer Fund had an operating loss totaling \$7,852 for the year. This loss is primarily due to the \$14,488 of depreciation and lack of new connection fees. Operating expenses dropped by \$8,068 from the prior year due to decreased professional fees related to the creation of this relatively new system.

General Fund Budgetary Highlights

The General Fund adopted its budget prior to the fiscal year in accordance with Public Act 493 of 2000. Total budgeted appropriations exceeded actual expenditures by \$11,919. Immaterial amendments were made during the year to bring it closer to economic reality.

Capital Asset and Debt Administration

The governmental and proprietary funds did not acquire nor retire any capital assets during the year ended March 31, 2005.

The only long-term debt held by the Township resides with the Township's sole business-type fund, the Sewer Fund. These bonds were issued to finance the Township's connection to a local sewage treatment system. Total principal paid during the year was \$5,500 for the year ended March 31, 2005. These bonds mature in the year 2042.

Economic Conditions and Future Activities

The Township is anticipating a further drop in state revenue sharing for its general fund to continue into next year due to the declining economic environment.

Subsequent to end of the fiscal year, the voters of the Township approved a 1.0 mill public safety millage to fund the contracted police and fire protection services previously paid by the General Fund.

Contacting the Township's Financial Management

This report is designed to provide a general overview of the Township's financial position and comply with finance-related regulations. If you have any further questions about this report or request additional information please contact the Charter Township of York at 11560 Stony Creek Road, Michigan 48160.

BASIC FINANCIAL
STATEMENTS

GOVERNMENT-WIDE
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
MARCH 31, 2005

	<u>Primary Government</u>		
	<u>Governmental</u>	<u>Business-type</u>	
<u>ASSETS</u>	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 354,908	\$ 26,772	\$ 381,680
Receivables			
Taxes	25,503		25,503
Special assessments		167,829	167,829
State shared revenues	66,930		66,930
Accounts	31,306	3,267	34,573
Prepaid expenditures	42,905		42,905
Capital assets:			
Land	32,312	74,039	106,351
Buildings and improvements	657,042		657,042
Vehicles and equipment	49,239		49,239
Sewer systems		579,523	579,523
Less accumulated depreciation	<u>(187,787)</u>	<u>(28,976)</u>	<u>(216,763)</u>
Total assets	<u>1,072,358</u>	<u>822,454</u>	<u>1,894,812</u>
 <u>LIABILITIES</u>			
LIABILITIES			
Accounts payable	46,569	8,004	54,573
Accrued wages	21,649		21,649
Bonds payable			
Current		5,500	5,500
Non-current	<u></u>	<u>174,500</u>	<u>174,500</u>
Total liabilities	<u>68,218</u>	<u>188,004</u>	<u>256,222</u>
 <u>NET ASSETS</u>			
NET ASSETS			
Invested in capital assets, net of related debt	550,806	444,586	995,392
Unrestricted	<u>453,334</u>	<u>189,864</u>	<u>643,198</u>
Total net assets	<u>\$ 1,004,140</u>	<u>\$ 634,450</u>	<u>\$ 1,638,590</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2005

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Contributions</u>
Governmental activities:			
General government	\$ (696,621)	\$ 327,579	\$ 19,052
Fire protection	(240,174)	18,163	
Police protection	(255,672)	16,041	
Parks and recreation	(2,520)		5,200
Library	(1,000)		
Public works	<u>(68,267)</u>	<u> </u>	<u> </u>
Total government activities	<u>(1,264,254)</u>	<u>361,783</u>	<u>24,252</u>
Business-type activities:			
Sewer system	<u>(30,850)</u>	<u>14,773</u>	<u> </u>
Total	<u>\$ (1,295,104)</u>	<u>\$ 376,556</u>	<u>\$ 24,252</u>

General Revenues:

Property taxes
State shared revenues
Interest income
Cable franchise fees
Rental income
Other income

Total general revenues

Changes in net assets

Net assets, April 1, 2004

Net assets, March 31, 2005

The notes are an integral part of the financial statements.

Net (Expenses) Revenue and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (349,990)	\$	\$ (349,990)
(222,011)		(222,011)
(239,631)		(239,631)
2,680		2,680
(1,000)		(1,000)
<u>(68,267)</u>		<u>(68,267)</u>
<u>(878,219)</u>		<u>(878,219)</u>
	(16,077)	(16,077)
<u>(878,219)</u>	<u>(16,077)</u>	<u>(894,296)</u>
279,220		279,220
430,638		430,638
5,865	9,731	15,596
22,269		22,269
24,000		24,000
<u>24,284</u>	<u>165</u>	<u>24,449</u>
<u>786,276</u>	<u>9,896</u>	<u>796,172</u>
(91,943)	(6,181)	(98,124)
<u>1,096,083</u>	<u>640,631</u>	<u>1,736,714</u>
<u>\$ 1,004,140</u>	<u>\$ 634,450</u>	<u>\$ 1,638,590</u>

FUND
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2005

<u>ASSETS</u>	<u>General</u>	<u>Building Department</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and cash equivalents	\$ 237,336	\$ 19,355	\$ 98,217	\$ 354,908
Receivables				
Taxes	25,503			25,503
State shared revenue receivable	66,930			66,930
Accounts	16,378			16,378
Due from other funds	30,196			30,196
Prepaid expenditures	<u>42,905</u>			<u>42,905</u>
Total assets	<u>\$ 419,248</u>	<u>\$ 19,355</u>	<u>\$ 98,217</u>	<u>\$ 536,820</u>
 <u>LIABILITIES AND FUND BALANCE (DEFICIT)</u>				
LIABILITIES				
Accounts payable	\$ 36,183	\$ 191	\$ 1,089	\$ 37,463
Accrued wages	11,299	10,350		21,649
Due to others	9,106			9,106
Due to other funds		<u>14,405</u>	<u>863</u>	<u>15,268</u>
Total liabilities	56,588	24,946	1,952	83,486
FUND BALANCE (DEFICIT)				
Unreserved	<u>362,660</u>	<u>(5,591)</u>	<u>96,265</u>	<u>453,334</u>
Total liabilities and fund balance (deficit)	<u>\$ 419,248</u>	<u>\$ 19,355</u>	<u>\$ 98,217</u>	<u>\$ 536,820</u>

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Total fund balance per balance sheet	\$ 453,334
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:	
Historical cost	\$ 738,593
Depreciation	<u>(187,787)</u>
Capital assets, net of depreciation	<u>550,806</u>
Net assets of governmental activities	<u>\$ 1,004,140</u>

The notes are integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	General	Building Department	Other Non-major Governmental Funds	Total
REVENUES				
Taxes	\$ 279,220	\$	\$	\$ 279,220
State shared revenues	430,638			430,638
Grant - state	18,477			18,477
Rental income	24,000			24,000
Licenses and permits		157,527	1,020	158,547
Charges for services - governmental	170,052			170,052
Fire runs	18,163			18,163
District court fees	15,021			15,021
Cable TV fees	22,269			22,269
Donations	5,775			5,775
Interest	3,900	47	1,918	5,865
Miscellaneous	23,194	1,090		24,284
Total revenues	1,010,709	158,664	2,938	1,172,311
EXPENDITURES				
General government	514,552	158,338		672,890
Fire protection	240,174			240,174
Police/public safety	254,652		1,020	255,672
Parks and recreation	2,520			2,520
Library	1,000			1,000
Public works	52,682		15,585	68,267
Total expenditures	1,065,580	158,338	16,605	1,240,523
Excess of revenues over (under) expenditures	(54,871)	326	(13,667)	(68,212)
OTHER FINANCING SOURCES (USES)				
Transfers in	70,000			70,000
Transfers out			(70,000)	(70,000)
Total other financing sources (uses)	70,000		(70,000)	
Excess of revenues over (under) expenditures and other financing sources (uses)	15,129	326	(83,667)	(68,212)
FUND BALANCE (DEFICIT), APRIL 1, 2004	347,531	(5,917)	179,932	521,546
FUND BALANCE (DEFICIT), MARCH 31, 2005	\$ 362,660	\$ (5,591)	\$ 96,265	\$ 453,334

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances – governmental funds \$ (68,212)

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives as depreciation expense. The amount by which capital outlays exceeded depreciation is as follows:

Depreciation expense (23,731)

Change in net assets of governmental activities \$ (91,943)

The notes are an integral part of the financial statements.

PFEFFER, HANNIFORD & PALKA

Certified Public Accountants

CHARTER TOWNSHIP OF YORK
STATEMENT OF NET ASSETS
PROPRIETARY FUND
MARCH 31, 2005

	<u>Sewer Fund</u>
<u>ASSETS</u>	
ASSETS	
Cash and cash equivalents	\$ 26,772
Receivables	
Accounts	3,267
Special assessments	167,829
Capital assets	
Land	74,039
Sewer system	<u>579,523</u>
Net	653,562
Less accumulated depreciation	<u>(28,976)</u>
Capital assets, net	<u>624,586</u>
Total assets	<u>822,454</u>
<u>LIABILITIES</u>	
LIABILITIES	
Accounts payable	1,419
Due to other funds	6,585
Bonds payable	
Current	5,500
Non-current	<u>174,500</u>
Total liabilities	<u>188,004</u>
<u>NET ASSETS</u>	
NET ASSETS	
Invested in capital assets	444,586
Unrestricted	<u>189,864</u>
Total net assets	<u>\$ 634,450</u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES AND EXPENDITURES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2005

OPERATING REVENUES	
Sewer connection fees	\$ 55
Sewer billings	<u>14,718</u>
Total operating revenues	14,773
OPERATING EXPENSES	
Sewer usage	3,382
Depreciation	14,488
Insurance	1,288
Audit fees	1,500
Legal fees	165
Operating supplies	37
Utilities	<u>1,765</u>
Total operating expenses	<u>22,625</u>
Operating (loss)	(7,852)
NON-OPERATING REVENUES AND (EXPENSES)	
Miscellaneous revenue	165
Interest income - operations	215
Interest income - assessments	9,516
Interest expense - debt	<u>(8,225)</u>
Total non-operating revenues and (expenses)	<u>1,671</u>
Net (loss)	(6,181)
NET ASSETS, APRIL 1, 2004	<u>640,631</u>
NET ASSETS, MARCH 31, 2005	<u><u>\$ 634,450</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Cash from users	\$ 12,042	
Cash paid to vendors	(7,528)	
Other cash receipts	<u>165</u>	
Net cash from operating activities		\$ 4,679

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED
FINANCING ACTIVITIES

Special assessment – collections	19,504	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(8,225)</u>	
Net cash from capital and related financing activities		5,779

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on operating funds	<u>215</u>	
-----------------------------	------------	--

NET INCREASE IN CASH AND CASH EQUIVALENTS 10,673

CASH AND CASH EQUIVALENTS, APRIL 1 2004 16,099

CASH AND CASH EQUIVALENTS, MARCH 31, 2005 \$ 26,772

RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY (USED FOR)
OPERATING ACTIVITIES

Operating (loss)		\$ (7,852)
Adjustments to reconcile operating income to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Miscellaneous income	165	
Changes in assets and liabilities		
(Increase) in accounts receivable	(2,731)	
Increase in accounts payable	<u>609</u>	
Total adjustments		<u>12,531</u>
Net cash from operating activities		<u><u>\$ 4,679</u></u>

The notes are an integral part of the financial statements.

CHARTER TOWNSHIP OF YORK
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
MARCH 31, 2005

		Trust and Agency Fund	Current Tax Fund	Totals
	<u>ASSETS</u>			
ASSETS				
Cash and equivalents		\$ 49,850	\$ 7,892	\$ 57,742
Due from others		<u>1,522</u>		<u>1,522</u>
Total assets		<u>\$ 51,372</u>	<u>\$ 7,892</u>	<u>\$ 59,264</u>
	<u>LIABILITIES</u>			
LIABILITIES				
Due to others		\$ 50,921	\$	\$ 50,921
Due to other funds		<u>451</u>	<u>7,892</u>	<u>8,343</u>
Total liabilities		<u>\$ 51,372</u>	<u>\$ 7,892</u>	<u>\$ 59,264</u>

The notes are an integral part of the financial statements.

NOTES
TO
FINANCIAL
STATEMENTS

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Township relating to the funds and account groups included in the accompanying combined financial statements conform to generally accepted accounting principles applicable to state and local governments. The more significant accounting policies of the Township are described below.

A. BASIC FINANCIAL STATEMENTS

In accordance with GASB Statement No. 34 - *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, the basic financial statements include both government-wide and fund financial statements.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report on the Township as a whole, excluding fiduciary activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. All activities, both governmental and business-type, are reported in the government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting, which includes long-term assets and receivables as well as long-term debt and obligations. The government-wide financial statements focus more on the sustainability of the Township as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Generally, the effect of interfund activity has been removed from the government-wide financial statements. Net interfund activity and balances between governmental activities and business-type activities are shown in the government-wide financial statements.

The government-wide Statement of Net Assets reports all financial and capital resources of the Township (excluding fiduciary funds). It is displayed in a format of assets less liabilities equals net assets, with the assets and liabilities shown in order of their relative liquidity. Net assets are required to be displayed in three components: 1) invested in capital assets, net of related debt, 2) restricted, and 3) unrestricted. Invested in capital assets, net of related debt is capital assets net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Restricted net assets are those with constraints placed on their use by either: 1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations or other governments, or 2) imposed by law through constitutional provisions or enabling legislation. All net assets not otherwise classified as restricted, are shown as unrestricted. Generally the Township would first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Government-Wide Statement of Activities demonstrates the degree to which both direct and indirect expenses of the various functions and programs of the Township are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Indirect expenses for administrative overhead are allocated among the functions and activities using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Interest on general long-term debt is not allocated to the various functions. Program revenues include: 1) charges to customers or users who purchase, use or directly benefit from goods, services or privileges provided by a particular function or program and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or program. Taxes, unrestricted investment income and other revenues not identifiable with particular functions or programs are included as general revenues. The general revenues support the net costs of the functions and programs not covered by program revenues.

Also, part of the basic financial statements are fund financial statements for governmental funds and proprietary funds. The focus of the fund financial statements is on major funds, as defined by GASB Statement No. 34. Although this reporting model sets forth minimum criteria for determination of major funds (a percentage of assets, liabilities, revenues, or expenditures/expenses of fund category and of the governmental and enterprise funds combined), it also gives governments the option of displaying other funds as major funds. Other non-major funds, are combined in a single column on the fund financial statements.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Building Department Fund accounts for the operations of the Township's building department. This fund's primary support is derived from revenues for licenses and permits issued.

The Township reports the following major enterprise fund:

The Sewer Fund accounts for the activities associated with operating the Township's residents connection to an area sewage treatment facility.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The governmental fund financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- A. Revenue is recorded when it becomes both measurable and available (received within 60 days after year-end). Revenue considered susceptible to accrual includes: property taxes, sales and use taxes, transient occupancy taxes, licenses, fees and permits, intergovernmental revenues, charges for services, fines, forfeits and penalties, and interest.
- B. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- C. Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as another financing source.

With this measurement focus, operating statements present increases and decreases in net current assets and unreserved fund balance as a measure of available resources.

This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to: 1) demonstrate legal and covenant compliance, 2) demonstrate the sources and uses of liquid resources, and 3) demonstrate how the Township's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The proprietary funds financial statements are prepared on the same basis (economic resources measurement focus and accrual basis of accounting) as the government-wide financial statements. Therefore, most lines for the total enterprise funds on the proprietary funds financial statements will directly reconcile to the business-type activities column on the government-wide financial statements. Because the enterprise funds are combined into a single business-type activities column on the government-wide financial statements, certain interfund activities between these funds are eliminated in the consolidation for the government-wide financial statements, but are included in the fund columns in the proprietary funds financial statements.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Enterprise funds account for operations where the intent of the Township is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Under GASB Statement No. 34, enterprise funds are also required for any activity whose principal revenue sources meet any of the following criteria: 1) any activity that has issued debt backed solely by the fees and charges of the activity, 2) if the cost of providing services for any activity, including capital costs such as depreciation or debt service, must legally be recovered through fees and charges of the activity, or 3) it is the policy of the Township to establish activity fees or charges to recover the cost of providing services, including capital costs.

On the proprietary funds financial statements, operating revenues are those that flow directly from the operations of the activity, i.e. charges to customers or users who purchase or use the goods or services of that activity. Operating expenses are those that are incurred to provide those goods or services. Non-operating revenues and expenses are items such as investment income and interest expense that are not a result of the direct operations of the activity.

Under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Township has elected for proprietary funds not to apply Financial Accounting Standards Board statements issued after November 30, 1989.

Fiduciary funds account for assets held by the Township in a trustee or agency capacity on behalf of others and, therefore, are not available to support Township programs. Fiduciary funds are not included in the government-wide financial statements as they are not an asset of the Township available to support Township programs. The Township currently maintains an agency fund to account for the monies collected and paid on behalf of developer's escrow accounts.

C. REPORTING ENTITY

In accordance with the provisions of Government Accounting Standards Board (GASB) Statement No. 39, certain other governmental organizations may be considered to be part of the reporting entity for financial statement purposes. The criteria established by GASB Statement No. 39 for the various governmental organizations to be included in the reporting entity's financial statements include oversight responsibilities and financial accountability.

In this regard, there are no other governmental organizations associated with the Township subject of the above criteria nor are there any other governmental organizations in existence. All funds and account groups of the reporting entity are included in the general purpose financial statements as presented.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. CAPITAL ASSETS

Under GASB Statement No. 34, all capital assets, whether owned by governmental activities or business-type activities, are recorded and depreciated in the government-wide financial statements. No long-term capital assets or depreciation are shown in the governmental funds financial statements.

Capital assets, including public domain infrastructure (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life greater than one year. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the estimated fair market value at the date of donation. Real property are considered capital assets regardless of initial cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major improvements are capitalized and depreciated over the remaining useful lives of the related capital assets.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings, structures and improvements	5 to 50 years
Utility plant	5 to 50 years
Machinery and equipment	2 to 40 years
Infrastructure	25 to 50 years

Capital assets transferred between funds are transferred at their net book value (cost less accumulated depreciation), as of the date of the transfer.

E. BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan, the Township annually adopts budgets on the modified accrual basis of accounting for all of the governmental fund types at the department level for the General Fund, and the fund level for the Special Revenue Funds. This is consistent with generally accepted accounting principles.

The Township adopts its budget by functional activity which is the level of classification detail at which expenditures may not legally exceed appropriations.

For the year ended March 31, 2005, expenditures exceeded appropriations in several functional activities. The Township adopted a budget with an anticipated deficit in the Building Department Fund. This is a violation of Public Act 493 of 2000.

F. DEPOSITS AND INVESTMENTS

The Township's cash and cash equivalents are considered to be demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit union, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, bankers acceptances, and mutual funds composed of other wise legal investments.

Investments are stated at fair value.

G. RECEIVABLES

All receivables are reported at their net value by being reduced, where appropriate, by the estimated portion that is expected to be uncollectible.

H. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or serviced rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

I. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond March 31, 2005, are recorded as prepaid expenditures.

J. PROPERTY TAXES

The Township property tax is levied each December 1 on the assessed valuation of property located in the Township as of the preceding December 31, the lien date. Real and personal property in the Charter Township of York for the 2004 levy had a taxable value of \$304,687,900. The Township's general operating tax rate for the fiscal year was .8766 mills.

K. ACCRUED COMPENSATED ABSENCES

All Township employees are working on a part-time basis and, therefore, no sick time or vacation time benefits are paid to the employees.

L. MANAGEMENT ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. PERSONAL PROPERTY TAX ASSESSMENTS AND APPEALS

Michigan personal property tax assessments have been based, since the 1960's, on the use of one or more of several different multiplier tables formulated by the State Tax Commission against taxpayer reported original cost, depending on the assessor's view of the average life of the personal property. The State Tax Commission has indicated that it plans to reformulate the multipliers. The State Tax Tribunal has informally indicated that once the new multipliers are approved, it may allow them to be applied retroactively in pending personal property tax appeals.

N. RISK MANAGEMENT

The Township is exposed to various risks of loss pertaining to property loss, torts, errors and omissions and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for these claims. Settled claims related to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

O. CAPITALIZATION OF INTEREST

A portion of the interest cost incurred on capital projects is capitalized on assets that require a period of time for construction or to otherwise prepare them for their intended use. Such amounts are amortized over the useful lives of the assets.

P. INCOME TAXES

As a governmental agency, the Township is exempt from both federal income taxes and Michigan Single Business Tax.

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of Federally insured banks, credit union, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers; acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations to the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan. The Township maintains an imprest petty cash account in the amount of \$200.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS (continued)

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's deposits and investments are as follows:

<u>Deposits</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured	\$ 162,816	\$ 162,816
Uninsured and uncollateralized	<u>276,406</u>	<u>321,104</u>
Total deposits	<u>\$ 439,222</u>	<u>\$ 483,920</u>

NOTE 3 - INTERFUND BALANCES

All interfund balances are short-term in character. Interfund transfers will be collected during the next reporting period. The amounts of interfund receivables and payables are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 30,196	\$
Sewer		6,585
Building department		14,405
Environmental protection		851
Cemetery trust		12
Current tax collection		7,892
Trust and agency		<u>451</u>
Totals	<u>\$ 30,196</u>	<u>\$ 30,196</u>

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 4 - OTHER FINANCING SOURCES (USES)

The transfers of cash between the various funds are budgeted and reported separate from revenues and expenditures as operating transfers in or (out), unless they represent temporary advances that are to be repaid, in which case they are carried as assets or liabilities of the advancing or borrowing fund. The Township also records all proceeds from the issuance of debt instruments as other financing sources.

NOTE 5 - CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets is as follows:

<u>Governmental Funds</u>	<u>Balance 4/1/04</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/05</u>
Township hall				
Building	\$ 624,707	\$	\$	\$ 624,707
Land	32,312			32,312
Office equipment	49,239			49,239
Land improvement	32,335			32,335
Total governmental fund fixed assets	738,593			738,593
Less accumulated depreciation	(164,056)	(23,731)		(187,787)
Net book value	<u>\$ 574,537</u>	<u>\$ (23,731)</u>	<u>\$</u>	<u>\$ 550,806</u>

A summary of changes in the proprietary fund fixed assets is as follows:

	<u>Balance 4/1/04</u>	<u>Addition</u>	<u>Decrease</u>	<u>Balance 3/31/05</u>
ASSETS				
Sewer systems	\$ 579,523	\$	\$	\$ 579,523
Land	74,039			74,039
Total proprietary fund fixed assets	653,562			653,562
Less accumulated depreciation	(14,488)	(14,488)		(28,976)
Net book value	<u>\$ 639,074</u>	<u>\$ (14,488)</u>	<u>\$</u>	<u>\$ 624,586</u>

All depreciation is booked in the general government expense portion of the Statement of Activities.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 6- LONG-TERM OBLIGATIONS

The principal long-term obligations of the Township are special assessment bonds issued to finance the construction of the sewer system upgrade. Interest is charged at 4.5% with principle payments due annually and interest semi-annually until its maturity in 2042.

The Township's long-term obligations as of March 31, 2005 and transactions during the year then ended, are as follows:

	<u>Balance 4/1/04</u>	<u>Additions</u>	<u>Decreases</u>	<u>Balance 3/31/05</u>
<u>Enterprise Funds</u>				
2002 Sewer Special Assessment limited tax bonds	\$ 185,500	\$	\$ 5,500	\$ 180,000

The following is a schedule of principal and interest payments to service the long-term obligations of the Township:

	<u>Bonds Payable Enterprise Fund</u>	
	<u>Principal</u>	<u>Interest</u>
2005 - 2006	\$ 5,500	\$ 7,976
2006 - 2007	5,500	7,729
2007 - 2008	5,500	7,482
2008 - 2009	5,500	7,234
2009 - 2010	5,500	6,986
2010 - 2015	27,500	31,220
2015 - 2020	27,500	25,033
2020 - 2025	23,500	19,205
2025 - 2030	22,500	14,120
2030 - 2035	22,500	9,058
2035 - 2040	18,500	4,355
2040 - 2043	10,500	710
Total borrowings	<u>\$ 180,000</u>	<u>\$ 141,108</u>

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 7 - JOINT VENTURES

Since 1984, the Township has participated in joint ventures with both the Saline and Milan Area Fire Departments, who provide fire protection services to Township residents. The participating entities annually contribute sufficient resources to cover anticipated expenditures, which include operations and fire runs.

Complete financial statements for each joint venture may be obtained at their respective administrative offices.

NOTE 8 - STATEMENT OF CASH FLOWS - ENTERPRISE FUNDS

Pursuant to the Governmental Accounting Standards Board (GASB) statement number 9, a statement of cash flows is presented. The purpose of the statement of cash flows is to explain the change in cash and cash equivalents during the year. Cash equivalents are defined as short-term, highly liquid investments with original maturities of three months or less. The indirect method was utilized to present cash flows from operations. The following summarizes beginning and ending cash and cash equivalents:

	<u>April 1, 2004</u>	<u>March 31, 2005</u>
Cash and cash equivalents	\$ <u>16.099</u>	\$ <u>10.673</u>

NOTE 9 - DEFICIT ELIMINATION PLAN

A deficit remained in the Building Department Fund for the year ended March 31, 2005. A deficit elimination plan will be filed with the State of Michigan detailing the Township's plan to remedy the deficits in this fund.

NOTE 10 - IMPLEMENTATION OF GASB STATEMENT NO. 34

The Township has implemented the standards required by GASB Statement No. 34 for the year needed March 31, 2005. All required statements and disclosures have been included in the basic financial statements.

NOTE 11 - STATE GRANT ACTIVITIES

The Charter Township of York is the recipient of an environment clean-up grant. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2005 has not yet been completed and is subject to review.

NOTE 12 - FEDERAL GRANT ACTIVITIES

The Charter Township of York is the recipient of a utilities services grant. According to the terms of the grant, federal funds must be used to improve/develop the Township's sewer system. The grant received is subject to financial and compliance audits by the grantors or their representatives. The audit for the year ended March 31, 2005 has not yet been completed and is subject to review.

CHARTER TOWNSHIP OF YORK
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2005

NOTE 13 - EMPLOYEE RETIREMENT PLAN

The Township participates in a Lincoln Mutual Life Defined Contribution Retirement Plan. This is a single-employer plan. All full-time employees of the Township. The Township contributes 4.0% of participant's compensation, while an employee may elect to defer compensation up to 25%. Annual compensation used to determine the current year contribution is as of April 1, preceding the year. Contribution information is as follows:

TOTAL COVERED PAYROLL	<u>\$ 47,600</u>
EMPLOYER CONTRIBUTIONS	<u>\$ 1,904</u>
EMPLOYEE CONTRIBUTIONS	<u>\$ 2,856</u>

These balances reflect contributions for the period from April 1, 2004 to March 31, 2005.

REQUIRED
SUPPLEMENTARY
INFORMATION

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2005

	Budgets			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes	\$ 312,500	\$ 312,500	\$ 279,220	\$ (33,280)
Administration fee	82,279	82,279	93,513	11,234
Cable TV fees	25,000	25,000	22,269	(2,731)
State shared revenues	449,052	449,052	430,638	(18,414)
Planning department professional fees	62,730	62,730	61,009	(1,721)
Summer tax levy	15,000	15,000	15,530	530
Fire runs	23,000	22,941	18,163	(4,778)
Interest income	3,500	3,500	3,900	400
Court fees	11,000	11,000	15,021	4,021
Rent		22,000	24,000	2,000
Other income	32,860	32,860	23,194	(9,666)
Donations			5,775	5,775
State grant			18,477	18,477
Total revenues	1,016,921	1,038,862	1,010,709	(28,153)
EXPENDITURES	<u>1,179,599</u>	<u>1,077,499</u>	<u>1,065,580</u>	<u>11,919</u>
Excess of revenues over (under) expenditures	(162,678)	(38,637)	(54,871)	(16,234)
OTHER FINANCING SOURCES				
Transfers in			70,000	70,000
Excess of revenues over (under) expenditures and other financing sources	(162,678)	(38,637)	15,129	53,766
FUND BALANCE, APRIL 1, 2004	<u>347,531</u>	<u>347,531</u>	<u>347,531</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 184,853</u>	<u>\$ 308,894</u>	<u>\$ 362,660</u>	<u>\$ 53,766</u>

CHARTER TOWNSHIP OF YORK
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUILDING DEPARTMENT FUND
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budgets</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Building permits	\$	\$	\$ 154,302	\$
Registration fees			3,225	
Interest income			47	
Miscellaneous			<u>1,090</u>	
Total revenues	<u>213,450</u>	<u>155,450</u>	<u>158,664</u>	<u>3,214</u>
EXPENDITURES				
Salaries			113,829	
Payroll taxes			8,675	
Retirement			1,904	
Health insurance			4,655	
Audit fees			500	
Rent			24,000	
Supplies			2,338	
Legal fees			14	
Travel and education			<u>2,423</u>	
Total expenditures	<u>185,921</u>	<u>158,921</u>	<u>158,338</u>	<u>583</u>
Excess of revenues over (under) expenditures	27,529	(3,471)	326	3,797
FUND BALANCE, APRIL 1, 2004	<u>(5,917)</u>	<u>(5,917)</u>	<u>(5,917)</u>	
FUND BALANCE, (DEFICIT) MARCH 31, 2005	<u>\$ (21,612)</u>	<u>\$ (9,388)</u>	<u>\$ (5,591)</u>	<u>\$ 3,797</u>

SUPPLEMENTARY
INFORMATION

COMBINING
FINANCIAL STATEMENTS

Building Department Fund	Liquor Law Fund	Environmental Protection Fund
<u>\$ 19,355</u>	<u>\$ 1,195</u>	<u>\$ 38,183</u>
\$ 191	\$ 85	\$ 1,000
10,350		
<u>14,405</u>	<u></u>	<u>851</u>
24,946	85	1,851
<u>(5,591)</u>	<u>1,110</u>	<u>36,332</u>
<u>\$ 19,355</u>	<u>\$ 1,195</u>	<u>\$ 38,183</u>

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants

<u>Budget Stabilization Fund</u>	<u>Cemetery Trust Fund</u>	<u>Totals</u>
<u>\$ 57,673</u>	<u>\$ 1,166</u>	<u>\$ 117,572</u>

\$	\$	\$
	4	1,280
	12	10,350
		<u>15,268</u>
	16	26,898
<u>57,673</u>	<u>1,150</u>	<u>90,674</u>
<u>\$ 57,673</u>	<u>\$ 1,166</u>	<u>\$ 117,572</u>

CHARTER TOWNSHIP OF YORK
COMBINING BALANCE SHEET
ALL AGENCY FUNDS
MARCH 31, 2005

		Trust and Agency Fund	Current Tax Fund	Totals
	<u>ASSETS</u>			
ASSETS				
Cash and equivalents		\$ 49,850	\$ 7,892	\$ 57,742
Due from others		<u>1,522</u>		<u>1,522</u>
Total assets		<u>\$ 51,372</u>	<u>\$ 7,892</u>	<u>\$ 59,264</u>
	<u>LIABILITIES</u>			
LIABILITIES				
Due to others		\$ 50,921	\$	\$ 50,921
Due to other funds		<u>451</u>	<u>7,892</u>	<u>8,343</u>
Total liabilities		<u>\$ 51,372</u>	<u>\$ 7,892</u>	<u>\$ 59,264</u>

CHARTER TOWNSHIP OF YORK
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED MARCH 31, 2005

	Building Department Fund	Liquor Law Fund	Environmental Protection Fund	Budget Stabilization Fund
REVENUES				
Licenses and permits	\$ 157,527	\$ 1,020	\$	\$
Miscellaneous	1,090			
Interest income	<u>47</u>	<u>4</u>	<u>600</u>	<u>1,314</u>
Total revenues	<u>158,664</u>	<u>1,024</u>	<u>600</u>	<u>1,314</u>
EXPENDITURES				
Building department	158,338			
Liquor law		1,020		
Contracted services	<u></u>	<u></u>	<u>15,585</u>	<u></u>
Total expenditures	<u>158,338</u>	<u>1,020</u>	<u>15,585</u>	<u></u>
Excess of revenues over (under) expenditures	326	4	(14,985)	1,314
OTHER FINANCING (USES)				
Transfer (out)	<u></u>	<u></u>	<u></u>	<u>(70,000)</u>
Excess of revenues over (under) expenditures and other financing (uses)	326	4	(14,985)	(68,686)
FUND BALANCE, APRIL 1, 2004	<u>(5,917)</u>	<u>1,106</u>	<u>51,317</u>	<u>126,359</u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ (5,591)</u></u>	<u><u>\$ 1,110</u></u>	<u><u>\$ 36,332</u></u>	<u><u>\$ 57,673</u></u>

<u>Cemetery Trust</u>	<u>Totals</u>
\$	\$ 158,547
	1,090
	<u>1,965</u>
	<u>161,602</u>
	158,338
	1,020
	<u>15,585</u>
	<u>174,943</u>
	(13,341)
	<u>(70,000)</u>
	(83,341)
<u>1,150</u>	<u>174,015</u>
<u>\$ 1,150</u>	<u>\$ 90,674</u>

INDIVIDUAL
FUNDS

GENERAL
FUND

CHARTER TOWNSHIP OF YORK
GENERAL FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and equivalents	\$ 237,336	
Accounts receivable - taxes	25,503	
Accounts receivable - state shared revenues	66,930	
Accounts receivable - other	16,378	
Due from other funds	30,196	
Prepaid expenditures	<u>42,905</u>	
Total assets		\$ <u>419,248</u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 36,183	
Accrued wages	11,299	
Due to others	<u>9,106</u>	
Total liabilities		\$ 56,588

FUND BALANCE

Unreserved		
Undesignated		<u>362,660</u>
Total liabilities and fund balance		\$ <u>419,248</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 312,500	\$ 279,220	\$ (33,280)
Administration fee	82,279	93,513	11,234
Cable TV fees	25,000	22,269	(2,731)
State shared revenues	449,052	430,638	(18,414)
Planning department professional fees	62,730	61,009	(1,721)
Summer tax levy	15,000	15,530	530
Fire runs	22,941	18,163	(4,778)
Interest income	3,500	3,900	400
Court fees	11,000	15,021	4,021
Rent	22,000	24,000	2,000
Other income	32,860	23,194	(9,666)
Donations		5,775	5,775
State grant		18,477	18,477
	<u>1,038,862</u>	<u>1,010,709</u>	<u>(28,153)</u>
Total revenues			
EXPENDITURES	<u>1,077,499</u>	<u>1,065,580</u>	<u>11,919</u>
Excess of revenues over (under) expenditures	(38,637)	(54,871)	(16,234)
OTHER FINANCING SOURCES			
Transfers in		<u>70,000</u>	<u>70,000</u>
Excess of revenues over (under) expenditures and other financing sources	(38,637)	15,129	53,766
FUND BALANCE, APRIL 1, 2004	<u>347,531</u>	<u>347,531</u>	
FUND BALANCE, MARCH 31, 2005	<u>\$ 308,894</u>	<u>\$ 362,660</u>	<u>\$ 53,766</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP BOARD			
Salaries	\$	\$ 12,700	\$
Assistant wages		10,108	
Payroll taxes		1,745	
Office supplies/postage		435	
Audit fees		7,000	
Legal fees		46,251	
Printing and publishing		5,362	
Equipment rental		5,633	
Memberships and dues		4,676	
Miscellaneous		1,113	
Equipment purchases		480	
	<u> </u>	<u> </u>	<u> </u>
Total	<u>99,280</u>	<u>95,503</u>	<u>3,777</u>
TOWNSHIP SUPERVISOR			
Salary		30,000	
Deputy salary		120	
Supplies		47	
Payroll taxes		2,304	
	<u> </u>	<u> </u>	<u> </u>
Total	<u>34,038</u>	<u>32,471</u>	<u>1,567</u>
ELECTIONS			
Salary		11,056	
Equipment		19,698	
Data entry		105	
Payroll taxes		253	
Supplies		5,774	
Printing and publishing		1,604	
	<u> </u>	<u> </u>	<u> </u>
Total	<u>22,395</u>	<u>38,490</u>	<u>(16,095)</u>
ASSESSOR			
Wages		38,781	
Payroll taxes		2,967	
Supplies		3,522	
Travel		445	
Miscellaneous		503	
	<u> </u>	<u> </u>	<u> </u>
Total	<u>46,860</u>	<u>46,218</u>	<u>642</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
TOWNSHIP CLERK			
Salary		34,000	
Deputy salary		10,259	
Data entry		580	
Payroll taxes		3,430	
Operating supplies		1,510	
Outside services		2,261	
Travel		376	
		<u> </u>	<u> </u>
Total	<u>54,222</u>	<u>52,416</u>	<u>1,806</u>
BOARD OF REVIEW			
Salaries		1,300	
Payroll taxes		99	
Operating supplies		8	
Printing and publishing		314	
		<u> </u>	<u> </u>
Total	<u>2,015</u>	<u>1,721</u>	<u>294</u>
TOWNSHIP TREASURER			
Salary		30,000	
Deputy salary		11,222	
Payroll taxes		3,153	
Operating supplies		4,617	
Travel		223	
		<u> </u>	<u> </u>
Total	<u>49,925</u>	<u>49,215</u>	<u>710</u>
BUILDINGS AND GROUNDS			
Contract services		5,535	
Operating supplies		2,569	
Telephone		8,191	
Utilities		12,512	
Repairs and maintenance		8,612	
		<u> </u>	<u> </u>
Total	<u>39,500</u>	<u>37,419</u>	<u>2,081</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
CEMETERY UPKEEP	<u>8,500</u>	<u>7,675</u>	<u>825</u>
LAW ENFORCEMENT	<u>255,913</u>	<u>254,652</u>	<u>1,261</u>
FIRE AND PUBLIC SAFETY			
Milan Fire Department		85,824	
Saline Fire Department		<u>154,350</u>	
Total	<u>242,292</u>	<u>240,174</u>	<u>2,118</u>
DEVELOPMENTAL			
Engineering consultant		33,170	
Planning consultant		11,863	
Sewer study		22,131	
Legal fees		<u>1,229</u>	
Total	<u>68,500</u>	<u>68,393</u>	<u>107</u>
ZONING INSPECTION			
Salaries		21,703	
Payroll taxes		1,660	
Supplies		159	
Travel		<u>989</u>	
Total	<u>25,452</u>	<u>24,511</u>	<u>941</u>
PLANNING COMMISSION			
Salaries		12,420	
Payroll taxes		950	
Operating supplies		453	
Printing		4,072	
Professional fees - planning		<u>8,255</u>	
Total	<u>25,337</u>	<u>26,150</u>	<u>(813)</u>

CHARTER TOWNSHIP OF YORK
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL (continued)
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
ZONING BOARD OF APPEALS			
Per diems		935	
Payroll taxes		72	
Operating supplies		50	
Printing and publishing		<u>266</u>	
Total	<u>2,530</u>	<u>1,323</u>	<u>1,207</u>
DRAINS			
Repairs and maintenance	<u>7,200</u>	<u>8,183</u>	<u>(983)</u>
ROADS			
Roads	<u>36,537</u>	<u>36,393</u>	<u>144</u>
POLLUTION CONTROL	<u>1,653</u>	<u>431</u>	<u>1,222</u>
PARKS AND RECREATION			
Parks	<u>12,200</u>	<u>2,520</u>	<u>9,680</u>
HISTORICAL SOCIETY			
Operating supplies	<u>150</u>	<u>133</u>	<u>17</u>
LIBRARY			
Library contribution	<u>1,000</u>	<u>1,000</u>	
UNALLOCATED			
Insurance	<u>42,000</u>	<u>40,589</u>	<u>1,411</u>
Total expenditures	<u>\$ 1,077,499</u>	<u>\$ 1,065,580</u>	<u>\$ 11,919</u>

BUILDING
DEPARTMENT
FUND

CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS
Cash

\$ 19,355

LIABILITIES AND FUND BALANCE (DEFICIT)

LIABILITIES

Accounts payable	\$ 191
Accrued wages	10,350
Due to other funds	<u>14,405</u>

Total liabilities \$ 24,946

FUND BALANCE (DEFICIT) (5,591)

Total liabilities and fund balance (deficit) \$ 19,355

CHARTER TOWNSHIP OF YORK
BUILDING DEPARTMENT FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Building permits	\$	\$ 154,302	\$
Registration fees		3,225	
Interest income		47	
Miscellaneous		<u>1,090</u>	
Total revenues	<u>155,450</u>	<u>158,664</u>	<u>3,214</u>
EXPENDITURES			
Salaries		113,829	
Payroll taxes		8,675	
Retirement		1,904	
Health insurance		4,655	
Audit fees		500	
Rent		24,000	
Supplies		2,338	
Legal fees		14	
Travel and education		<u>2,423</u>	
Total expenditures	<u>158,921</u>	<u>158,338</u>	<u>583</u>
Excess of revenues over (under) expenditures	(3,471)	326	3,797
FUND BALANCE (DEFICIT), APRIL 1, 2004	<u>(5,917)</u>	<u>(5,917)</u>	
FUND BALANCE (DEFICIT), MARCH 31, 2005	<u><u>\$ (9,388)</u></u>	<u><u>\$ (5,591)</u></u>	<u><u>\$ 3,797</u></u>

LIQUOR
LAW
FUND

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash

\$ 1,195

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts payable

\$ 85

FUND BALANCE

1,110

Total liabilities and fund balance

\$ 1,195

CHARTER TOWNSHIP OF YORK
LIQUOR LAW FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
State sharing	\$	\$ 1,020	\$
Interest	<u> </u>	<u> 4</u>	<u> </u>
Total revenues	1,024	1,024	
EXPENDITURES			
Contracted services	<u> 1,020</u>	<u> 1,020</u>	<u> </u>
Excess of revenues over expenditures	4	4	
FUND BALANCE, APRIL 1, 2004	<u> 1,106</u>	<u> 1,106</u>	<u> </u>
FUND BALANCE, MARCH 31, 2005	<u> \$ 1,110</u>	<u> \$ 1,110</u>	<u> \$ </u>

ENVIRONMENTAL
PROTECTION
FUND

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS
Cash

\$ 38,183

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other fund
Accounts payable

\$ 851
1,000

\$ 1,851

Total liabilities

FUND BALANCE

36,332

Total liabilities and fund balance

\$ 38,183

CHARTER TOWNSHIP OF YORK
ENVIRONMENTAL PROTECTION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ <u>565</u>	\$ <u>600</u>	\$ <u>35</u>
EXPENDITURES			
Contracted services		12,000	
Clean up days	<u> </u>	<u>3,585</u>	<u> </u>
Total expenditures	<u>14,600</u>	<u>15,585</u>	<u>(985)</u>
Excess of revenues over (under) expenditures	(14,035)	(14,985)	(950)
FUND BALANCE, APRIL 1, 2004	<u>51,317</u>	<u>51,317</u>	<u> </u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 37,282</u></u>	<u><u>\$ 36,332</u></u>	<u><u>\$ (950)</u></u>

BUDGET
STABILIZATION
FUND

CHARTER TOWNSHIP OF YORK
BUDGET STABILIZATION FUND
BALANCE SHEET
MARCH 31, 2005

		<u>ASSETS</u>	
ASSETS			
Cash			<u>\$ 57,673</u>
		<u>FUND BALANCE</u>	
FUND BALANCE			<u>\$ 57,673</u>

CHARTER TOWNSHIP OF YORK
BUDGET STABILIZATION FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 2,000	\$ 1,314	\$ (686)
EXPENDITURES	<u> </u>	<u> </u>	<u> </u>
Excess of revenues over (under) expenditures	2,000	1,314	(686)
OTHER FINANCING (USES)			
Transfers (out)	<u> </u>	<u>(70,000)</u>	<u>(70,000)</u>
Excess of revenues over (under) expenditures and financing (uses)	2,000	(68,686)	(70,686)
FUND BALANCE, APRIL 1, 2004	<u>126,359</u>	<u>126,359</u>	<u> </u>
FUND BALANCE, MARCH 31, 2005	<u><u>\$ 128,359</u></u>	<u><u>\$ 57,673</u></u>	<u><u>\$ (70,686)</u></u>

CEMETARY
TRUST
FUND

CHARTER TOWNSHIP OF YORK
CEMETERY TRUST FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash

\$ 1,166

LIABILITIES AND FUND BALANCE

LIABILITIES

Due to other funds

\$ 12

Due to others

4

Total liabilities

\$ 16

FUND BALANCE

1,150

Total liabilities and fund balance

\$ 1,166

CHARTER TOWNSHIP OF YORK
CEMETERY TRUST FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED MARCH 31, 2005

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Interest	\$ 15	\$	\$ (15)
EXPENDITURES			
Maintenance	<u>15</u>	<u></u>	<u>15</u>
Excess of revenues over expenditures			
FUND BALANCE, APRIL 1, 2004	<u>1,150</u>	<u>1,150</u>	<u></u>
FUND BALANCE, MARCH 31, 2005	<u>\$ 1,150</u>	<u>\$ 1,150</u>	<u>\$</u>

SEWER FUND

CHARTER TOWNSHIP OF YORK
SEWER FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

CURRENT ASSETS

Cash and equivalents	\$ 26,772
Accounts receivable billings	3,267
Special assessment receivable	163,031
Due from county	<u>4,798</u>

Total current assets \$ 197,868

PROPERTY, PLANT, EQUIPMENT AND
CONSTRUCTION IN PROGRESS

Land	74,039
Sewer system	<u>579,523</u>
	653,562
Less accumulated depreciation	<u>(28,976)</u>

Net property, plant and equipment 624,586

Total assets \$ 822,454

LIABILITIES AND FUND EQUITY

LIABILITIES

Accounts payable	\$ 1,419
Due to other funds	6,585
Bonds payable	<u>180,000</u>

Total liabilities \$ 188,004

FUND EQUITY

Retained earnings unreserved	<u>634,450</u>
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Total liabilities and fund equity \$ 822,454

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CHANGES IN FUND EQUITY
FOR THE YEAR ENDED MARCH 31, 2005

	RETAINED EARNINGS <u>UNRESERVED</u>
BALANCES AT APRIL 1, 2004	\$ 640,631
Interest income	9,730
Miscellaneous income	165
Operating (loss)	(7,852)
Interest expense - bonds	<u>(8,224)</u>
BALANCES AT MARCH 31, 2005	<u>\$ 634,450</u>

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED MARCH 31, 2005

OPERATING REVENUES		
Sewer connection fees	\$ 55	
Sewer billings	<u>14,718</u>	
Total operating revenues		\$ 14,773
OPERATING EXPENSES		
Sewer usage	3,382	
Depreciation	14,488	
Insurance	1,288	
Audit fees	1,500	
Legal fees	165	
Operating supplies	37	
Utilities	<u>1,765</u>	
Total operating expenses		<u>22,625</u>
Operating (loss)		(7,852)
NON-OPERATING REVENUES AND (EXPENSES)		
Miscellaneous revenue	165	
Interest income - operations	215	
Interest income - assessments	9,516	
Interest expense - debt	<u>(8,225)</u>	
Total non-operating revenues and (expenses)		<u>1,671</u>
Net (loss)		<u><u>\$ (6,181)</u></u>

CHARTER TOWNSHIP OF YORK
SEWER FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2005

CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES:

Operating (loss)		\$ (7,852)
Adjustments to reconcile operating (loss) to net cash from (used in) operating activities:		
Depreciation expense	\$ 14,488	
Miscellaneous income	165	
Changes in assets and liabilities		
(Increase) in accounts receivable	(2,731)	
Increase in accounts payable	<u>609</u>	
Total adjustments		<u>12,531</u>
Net cash from operating activities		4,679

CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES

Special assessment – collections	19,504	
Payment of principal on bonds	(5,500)	
Interest paid	<u>(8,225)</u>	
Net cash from capital and related financing activities		5,779

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on operating funds	<u>215</u>
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NET INCREASE IN CASH AND CASH EQUIVALENTS

10,673

CASH AND CASH EQUIVALENTS, APRIL 1 2004

16,099

CASH AND CASH EQUIVALENTS, MARCH 31, 2005

\$ 26,772

TRUST AND
AGENCY FUND

CHARTER TOWNSHIP OF YORK
TRUST AND AGENCY FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and equivalents
Due from others

\$ 49,850
1,522

Total assets

\$ 51,372

LIABILITIES

LIABILITIES

Due to others
Due to other funds

\$ 50,921
451

Total liabilities

\$ 51,372

CURRENT TAX
FUND

CHARTER TOWNSHIP OF YORK
CURRENT TAX FUND
BALANCE SHEET
MARCH 31, 2005

ASSETS

ASSETS

Cash and equivalents

\$ 7,892

LIABILITIES

LIABILITIES

Due to other funds

\$ 7,892

August 14, 2005

State of Michigan
Local Audit and Finance Division
2nd Floor, Treasury Bldg.
Lansing, Michigan 48922

To Whom It May Concern:

This letter is to document the Charter Township of York's deficit elimination plan for the year ended March 31, 2005. A deficit occurred in the Township's Building Department Fund.

The Township is in the process of approving a large commercial development. This development will generate sufficient fees to eliminate the deficit for the fiscal year ended March 31, 2006.

If you have any further questions or concerns please feel free to call the Township at (734) 439-8842.

Sincerely,

Joe Zurawski
Township Supervisor

CHARTER TOWNSHIP OF YORK

COMMENTS
AND
RECOMMENDATIONS

FOR THE YEAR ENDED MARCH 31, 2005



PFEFFER ■ HANNIFORD ■ PALKA
Certified Public Accountants

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July 30, 2005

Board of Trustees
Charter Township of York
11560 Stony Creek Road
Milan, Michigan 48160

Honorable Board of Trustees:

In planning and performing our audit of the financial statements of the Charter Township of York for the year ended March 31, 2005, we considered the Township's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. Those matters are as follows:

1. COMMENT

The building department collects monies and issues permits.

RECOMMENDATION

The Township may wish to consider the cost/benefit of segregating these duties.

2. COMMENT

As of March 31, 2005, several interfund payables/receivables exist.

RECOMMENDATION

Interfund payables/receivables should be repaid in the near term.

3. COMMENT

The Trust and Agency Fund was not reconciled during the year.

RECOMMENDATION

Trust and Agency should be reconciled periodically to determine the source of all monies held in this account.

4. COMMENT

Trust and Agency is holding \$25,000 in escrow for a company that is no longer in business.

RECOMMENDATION

Township Board should research this issue and determine proper course of action for funds to be escheated.

5. COMMENT

A deficit remains in the Building Department Fund.

RECOMMENDATION

A deficit elimination plan needs to be filed with the State of Michigan detailing how the Township plans to remedy this deficit.

This letter does not affect our report dated July 30, 2005 on the financial statements of the Charter Township of York.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and recommendations with various township personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This report is intended solely for the information and use of the Board of Trustees, and management of Charter Township of York and is not intended to be and should not be used by anyone other than the specified parties.

Pfeffer, Hanniford & Palka, P.C.

PFEFFER, HANNIFORD & PALKA
Certified Public Accountants